

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

E-01773A  
Arizona Electric Power Cooperative, Inc.  
P.O. Box 670  
Benson AZ 85602-0000



**RECEIVED**

MAY 19 2004

**AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES**

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2003
----	----	------

**FOR COMMISSION USE**

ANN 0	03
-------	----

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Arizona Electric Power Cooperative Inc</u>		
<u>P. O. Box 670</u>		
<b>Mailing Address</b>		
<u>Benson</u> (City)	<u>Arizona</u> (State)	<u>85602-0670</u> (Zip)
<u>520-586-3631</u>	<u>520-586-5343</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		
<b>Local Office Mailing Address</b> <u>1000 S Hwy 80</u>		
<u>Benson</u> (City)	<u>Arizona</u> (State)	<u>85602-0670</u> (Zip)
<u>same as above</u>	<u>same as above</u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Joseph Leingang</u>		<u>Controller</u>	
(Name)		(Title)	
<u>P. O. Box 670</u> (Street)	<u>Benson</u> (City)	<u>Arizona</u> (State)	<u>85602-0670</u> (Zip)
<u>520-586-5385</u>	<u>520-586-5381</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>On Site Manager:</b> _____			
(Name)			
_____ (Street)	_____ (City)	_____ (State)	_____ (Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** Rusing and Lopez PLLC

(Name)

6262 N. Swan Rd Suite 200 Tucson Arizona 85718

(Street)

(City)

(State)

(Zip)

520-792-4800

520-529-4262

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** Same as Above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☒ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☒ STATEWIDE (Wholesale Sales of Electricity)

## **SERVICES AUTHORIZED TO PROVIDE**

Check the following box/s for the services that you are authorized to provide:

☐ **Electric**

- ☐ Investor Owned Electric
- ☒ Rural Electric Cooperative
- ☐ Utility Distribution Company
- ☐ Electric Service Provider
  - ☐ Transmission Service Provider
  - ☐ Meter Service Provider
  - ☐ Meter Reading Service Provider
  - ☐ Billing and Collection
  - ☐ Ancillary Services
  - ☐ Generation Provider
  - ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other (Specify)** \_\_\_\_\_

## **STATISTICAL INFORMATION**

### **TELECOMMUNICATION UTILITIES ONLY**

Total residential access lines	_____
Total business access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

**STATISTICAL INFORMATION (CONT'D)**

**ELECTRIC UTILITY PROVIDERS ONLY**

Total number of customers

Residential

Commercial

Industrial

Public street and highway lighting

Irrigation

Resale

35

Total kilowatt-hours sold

kWh

Residential

Commercial

Industrial

Public street and highway lighting

Irrigation

Resale

3,314,521,018

Maximum Peak Load

637

MW

**GAS UTILITIES ONLY**

Total number of customers

Residential

Commercial

Industrial

Irrigation

Resale

Total therms sold

therms

Residential

Commercial

Industrial

Irrigation

Resale

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

MAY 19 2004

**VERIFICATION**

STATE OF \_\_\_\_\_  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME) <b>COCHISE</b>	<b>12 CORPORATION COMMISSION</b>
NAME (OWNER OR OFFICIAL) TITLE <b>Donald Kimball Exec VP &amp; CEO</b>	<b>DIRECTOR OF UTILITIES</b>
COMPANY NAME <b>Arizona Electric Power Cooperative</b>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2003

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:**

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 144,255,799

**(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ \_\_\_\_\_  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER \_\_\_\_\_

**SUBSCRIBED AND SWORN TO BEFORE ME**

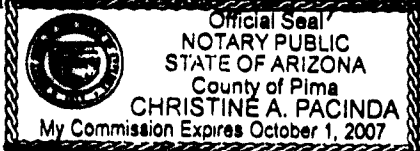
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** 8th **DAY OF**

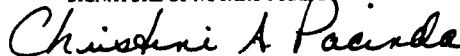
**(SEAL)**

COUNTY NAME <b>COCHISE</b>	
MONTH <b>APRIL</b>	<b>2004</b>

**MY COMMISSION EXPIRES** 10/1/2007



SIGNATURE OF NOTARY PUBLIC



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**RECEIVED**

MAY 19 2004

**AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES**

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Cochise

NAME (OWNER OR OFFICIAL)  
Donald Kimball

TITLE  
Exec VP & CEO

COMPANY NAME  
Arizona Electric Power Cooperative

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 0

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$  
IN SALES TAXES BILLED, OR COLLECTED

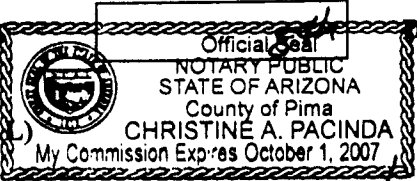
\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X Donald Kimball  
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS DAY OF

(SEAL)   
MY COMMISSION EXPIRES 10/1/2007

NOTARY PUBLIC NAME CHRISTINE A PACINDA	
COUNTY NAME COCHISE	
MONTH APRIL	. 20 04

X Christine A Pacinda  
SIGNATURE OF NOTARY PUBLIC

## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2003) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**



**OPERATING REPORT - FINANCIAL**

ARIZONA 28

BORROWER NAME AND ADDRESS

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

P.O. BOX 670

BENSON, ARIZONA 85602

INSTRUCTIONS - Submit an original and two copies to RUS. Round all amounts to nearest dollar. For detailed instructions, see RUS Bulletin 1717B-3

PERIOD ENDING  
December 31, 2003

RUS USE ONLY

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT

DATE

SIGNATURE OF MANAGER

DATE

**SECTION A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	(d)
1. Electric Energy Revenues	143,177,568	137,568,429		10,055,849
2. Income From Leased Property - Net	0	0		0
3. Other Operating Revenue and Income	12,201,048	13,610,967		1,076,120
<b>4. Total Oper. Revenues &amp; Patronage Capital (1 thru 3)</b>	<b>155,378,616</b>	<b>151,179,396</b>		<b>11,131,970</b>
5. Operation Expense - Production - Excluding Fuel	11,705,692	12,249,359		985,755
6. Operation Expense - Production - Fuel	56,992,331	62,295,417		4,112,691
7. Operation Expense - Other Power Supply	27,082,944	22,280,340		1,204,745
8. Operation Expense - Transmission	15,949,082	15,341,229		1,217,611
9. Operation Expense - Distribution	0	0		0
10. Operation Expense - Consumer Accounts	1,777	0		0
11. Operation Expense - Consumer Service & Information	0	0		0
12. Operation Expense - Sales	11,496	9,462		824
13. Operation Expense - Administrative & General	9,924,612	9,483,390		880,649
<b>14. Total Operation Expense (5 thru 13)</b>	<b>121,667,934</b>	<b>121,659,196</b>		<b>8,402,274</b>
15. Maintenance Expense - Production	9,869,146	12,847,573		1,122,491
16. Maintenance Expense - Transmission	24,153	34,569		2,115
17. Maintenance Expense - Distribution	0	0		0
18. Maintenance Expense - General Plant	53,825	63,958		4,987
<b>19. Total Maintenance Expense (15 thru 18)</b>	<b>9,947,124</b>	<b>12,946,099</b>		<b>1,129,593</b>
20. Depreciation & Amortization Expense	7,808,510	8,774,082		799,047
21. Taxes	815	1,329		1,150
22. Interest on Long-Term Debt	12,825,566	12,200,997		1,015,342
23. Interest Charged to Construction - Credit	(335,171)	(68,586)		(10,291)
24. Other Interest Expense	310,585	166,468		9,641
25. Other Deductions	430,643	702,075		446,202
<b>26. Total Cost of Electric Service (14 + 19 thru 25)</b>	<b>152,656,006</b>	<b>156,381,660</b>		<b>11,792,958</b>
<b>27. Operating Margins (4 - 26)</b>	<b>2,722,610</b>	<b>(5,202,265)</b>		<b>(660,988)</b>
28. Interest Income	681,304	582,014		50,754
29. Allowance for Funds Used During Construction	0	0		0
30. Income (Loss) from Equity Investments	0	0		0
31. Other Nonoperating Income - Net	486,481	701,229		94,025
32. Generation & Transmission Capital Credits	0	0		0
33. Other Capital Credits & Patronage Dividends	8,176	680,510		10,806
34. Extraordinary Items	0	(3,810,335)		(3,810,335)
<b>35. Net Patronage Capital or Margins (27 thru 33)</b>	<b>3,898,570</b>	<b>(7,048,847)</b>		<b>(4,315,738)</b>
ITEM	Mills/kWh (Optional Use by Borrower)			
36. Electric Energy Revenue Per kWh Sold		41.50		
37. Total Operation & Maintenance Expense Per kWh Sold		40.61		
38. Total Cost of Electric Service Per kWh Sold		47.18		
39. Purchased Power Cost Per kWh		22.22		

ARIZONA 28

MONTH ENDING

December 31, 2003

# **OPERATING REPORT - FINANCIAL** **ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

## **SECTION B. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service .....	379,651,130	32. Memberships .....	330
2. Construction Work in Progress .....	9,795,448	33. Patronage Capital .....	
3. Total Utility Plant (1 + 2) .....	389,446,578	a. Assigned and Assignable .....	17,803,238
4. Accum. Provision for Depreciation & Amort. ....	(185,881,988)	b. Retired This Year .....	0
5. Net Utility Plant (3 - 4) .....	203,564,589	c. Retired Prior Years .....	0
6. Non-Utility Property - Net .....	0	d. Net Patronage Capital .....	17,803,238
7. Investment in Subsidiary Companies .....	1,360	34. Operating Margins - Prior Years .....	0
8. Invest. in Assoc. Org. - Patronage Capital .....	909,829	35. Operating Margins - Current Year .....	(8,332,089)
9. Invest. in Assoc. Org. - Other - General Funds .....	1,025	36. Non-Operating Margins .....	1,283,243
10. Invest. in Assoc. Org. - Other - Non-Gen. Funds .....	9,792,982	37. Other Margins and Equities .....	0
11. Investments in Economic Development Projects .....	0	38. Total Margins & Equities (32 + 33d thru 37) .....	10,754,721
12. Other Investments .....	300,465	39. Long-Term Debt - REA (Net) .....	43,980,252
13. Special Funds .....	2,808,481	(Payments-Unapplied \$ .....	0
14. Total Other Property & Investment (6 thru 13) .....	13,814,142	40. Long-Term Debt - REA - Econ. Devel.(Net) .....	0
15. Cash - General Funds .....	380,663	41. Long-Term Debt - FFB - REA Guaranteed .....	114,914,717
16. Cash - Construction Funds - Trustee .....	4,000,000	42. Total Long-Term Debt - Other - REA Guaranteed .....	0
17. Special Deposits .....	4,094,018	43. Total Long-Term Debt - Other (Net) .....	53,916,785
18. Temporary Investments .....	2,736,417	44. Total Long-Term Debt (39 thru 43) .....	212,811,754
19. Notes Receivable - Net .....	0	45. Obligations Under Capital Leases - Noncurrent .....	0
20. Accounts Receivable - Sales of Energy (Net) .....	13,549,655	46. Accumulated Operating Provisions and Asset Retire Oblig. ....	4,896,562
21. Accounts Receivable - Net .....	1,029,314	47. Total Other Noncurrent Liabilities (45 + 46) .....	4,896,562
22. Fuel Stock .....	3,382,266	48. Notes Payable .....	1,834,000
23. Materials and Supplies - Other .....	5,798,889	49. Accounts Payable .....	13,259,745
24. Prepayments .....	1,071,971	50. Taxes Accrued .....	1,727,253
25. Other Current and Accrued Assets .....	376,728	51. Interest Accrued .....	854,966
26. Total Current and Accrued Assets (15 thru 25) .....	36,419,923	52. Other Current & Accrued Liabilities .....	10,879,423
27. Unamortized Debt Disc. & Extraord. Prop. Losses .....	684,284	53. Total Current & Accrued Liabilities (48 thru 52) .....	28,555,387
28. Regulatory Assets .....	4,226,488	54. Deferred Credits .....	3,646,376
29. Other Deferred Debits .....	1,955,373	55. Accumulated Deferred Income Taxes .....	0
30. Accumulated Deferred Income Tax .....	0	56. Total Liabilities and Other Credits .....	
31. Total Assets & Other Debits (5 + 14 + 26 Thru 30) .....	260,664,799	(38 + 44 + 47 + 53 thru 55) .....	260,664,799

## **SECTION C. NOTES TO FINANCIAL STATEMENTS**

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.  
 (IF ADDITIONAL SPACE IS NEEDED, USE SEPERATE SHEET.)

This computer-generated data form is identical in form and substance to RUS Forms 12a - i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.